

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 SCEM-02 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 DODE-00

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 SCI-06 RSR-01 /132 W

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R 030847Z JUL 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 4037

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

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E.O. 11652: N/A

TAGS: ENRG, PBOR, VS, CB

SUBJECT: AWARD OF CONCESSION IN DISPUTED AREA TO AMERICAN FIRM
PROTESTED

REF: SAIGON 9838

1. SUMMARY: GVN HAS PROTESTED TO GKR LATTER'S AWARD OF OIL
CONCESSION IN DISPUTED AREA IN GULF OF THAILAND TO MARINE
ASSOCIATES, A FIRM HEADED BY AN AMERICAN. GVN AWARD OF CON-
CESSIONS IN DISPUTED AREA AS A RESULT OF TENDERS DUE ON JULY 2
AND THE REPORTED ENCOURAGING FIND BY A TENNECO RIG OPERATING
IN NEARBY THAILAND'S CONTINENTAL SHELF MAY HAVE REDUCED CHANCES
OF AN EARLY RESOLUTUION OF THE OVERLAPPING CLAIMS PROBLEM.

2. STANLEY M. LEVENTHAL, PRESIDENT OF INDEXGEO AND ASSOCIATES
(4909 MANI STREET, HOUSTON) AND PAUL V. HODGE, PRESIDENT AND
GENERAL MANAGER OF MARINE ASSOCIATES INC. (HONG KONG CORPORATION
WITH OFFICES AT 435 ORCHARD ROAD, SINGAPORE) MET WITH GVN'S
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NATIONAL PETROLEUM BOARD (NPB) OFFICIALS ON JUNE 28 AND 29

OSTENSIBLY TO GAUGE VIETNAMESE REACTION TO JUNE 23 GKR AWARD OF SOME 18,548 SQ. KILOMETERS OF OFFSHORE AREA TO HODGE'S FIRM. NPB OFFICIALS INFORMED THEM OF THEIR DISPLEASURE OVER GKR ACTION. NPB OFFICIALS LATER MENTIONED TO EMBOFF THAT FOREIGN MINISTRY OFFICIAL HAD PROTESTED GKR DECISION TO KHMER EMBASSY OFFICIAL.

3. LEVENTHAL AND HODGE (L/H) SUGGESTED TO NPB OFFICIALS THAT DISPUTE COULD BE RESOLVED BY ESTABLISHING A NEUTRAL ZONE BETWEEN THE GVN LINE MIDWAY BETWEEN HON PAJANG AND POULO WAI AND THE GKR LINE RUNNING THROUGH HON PAJANG. OIL REVENUES FROM THIS NEUTRAL ZONE WOULD BE SHARED EQUALLY BETWEEN THE TWO COUNTRIES. NPB OFFICIALS REJECTED THE PROPOSAL ASSERTING THAT THE NPB COULD NOT NEGOTIATE WITH A PRIVATE OIL FIRM ANY MODIFICATION OF GVN'S CONTINENTAL SHELF.

4. IN JUNE 30 MEETING WITH EMBOFF L/H MENTIONED THAT THAILAND'S EXTENSION OF ITS CONTINENTAL SHELF ANNOUNCED ON JUNE 6 HAD REDUCED MARINE ASSOCIATES' CONCESSION AREA TO 13,553 SQ. KILOMETERS. IF GVN'S CLAIMED CONTINENTAL SHELF AREAS ARE DEDUCTED THAN MARINE ASSOCIATES WOULD BE LEFT WITH ONLY 3,000 SQ. KILOMETERS. L/H HAD HOPED THAT BY COMING TO SAIGON THEY COULD SOMEHOW PROTECT THEIR CONCESSION, BUT THEY EVIDENTLY FAILED IN THIS ATTEMPT.

5. NPB OFFICIALS INFORMED EMBOFF THAT HODGE AS PRESIDENT OF EASTERN MARINE ASSOCIATES (EMA) HAD OFFERED TO DO GEOPHYSICAL WORK IN THE MEKONG DELTA A FEW YEARS AGO. IN VIEW OF SECURITY SITUATION NPB HAD REJECTED THE PROPOSAL. IN PAMPHLET ABOUT EMA THEN SUPPLIED BY HODGE, LEVENTHAL IS LISTED AS PRESIDENT OF INDEX GEOPHYSICAL SURVEYS CORP. WITH SAME HOUSTON ADDRESS AS INDEXGEO MENTIONED IN PARAGRAPH 2. BOTH EMA AND INDEX GEOPHYSICAL SURVEYS ARE LISTED AS SUBSIDIARIES OF STERLING ELECTRONIC CORPORATION OF HOUSTON. LEVENTHAL SAID THE HAD SEVERED TIES WITH INDEX GEOPHYSICAL ABOUT 75 DAYS AGO AND THAT EMA HAD BEEN DISSOLVED. L/H EMPHASIZED THAT THEIR NEW FIRMS HAD NO CONNECTION WITH STERLING ELECTRONICS AND THAT THEY WERE COUNTING ON SOUTHEAST ASIAN CAPITAL TO FINANCE THEIR OPERATIONS IN CAMBODIA.

6. COMMENT: ALMOST 10 BLOCKS IN GVN'S OFFSHORE CONTINENTAL SHELF OVERLAP WITH AREAS CLAIMED BY GKR. IF THESE 10 BLOCKS ARE AWARDED TO OIL COMPANIES BY GVN AS A RESULT OF TENDERS DUE ON JULY 2, LIMITED OFFICIAL USE

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POSSIBILITY OF RESOLVING THESE CONFLICTING CLAIMS SOON MAY BE CONSIDERABLY DIMMED. RECENT REPORTS OF AN ENCOURAGING FIND BY A TENNECO RIG IN NEARBY THAILAND'S CONTINENTAL SHELF MAY ALSO MAKE THE TWO PARTIES LESS WILLING TO COMPROMISE. WHITEHOUSE

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